



#### UNITED STATES SECURITIES AND EXCHANGE COMMISSION OMB Number

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# ANNUAL AUDITED REPORT FORM X-17A-\$ PART III

OMB APPROVAL

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#### **FACING PAGE**

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING AUGUST 1, 2005 AND ENDING JUL	<u>Y 31, 2005</u>

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

OFFICIAL USE ONLY

**B & B SECURITIES, INC.** 

FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P. O. Box No.)

c/o GETTENBERG CONSULTING - 40 WALL STREET - 34TH FLOOR

**NEW YORK NEW YORK** 10005

(City) (Zip Code) (State) NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

**GARY GETTENBERG** (212) 668 - 8700

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION** 

PROCESSED

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

SEP 2 9 2006,

LERNER & SIPKIN, CPAs, LLP

THOMSON FINANCIA

132 Nassau Street, Suite 1023

New York

10038

X Certified Public Accountant

FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

Potential persons who are forcespond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1410 (06-02)

#### OATH OR AFFIRMATION

I, ROBERT McGRATH, swear (or affirm) that, to the best of my knowledge and belief, the accompanying financial statement and supporting schedules pertaining to the firm of B & B SECURITIES, INC., as of JULY 31, 2006,

are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, member, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

NONE		
X Signature CEO Title		
X Christian Curper  Notary Public  CHRISTINE COOPER  No.01CO6085064  Qualified In Queens County  Commission Expires Dec.23, 20		
This report** contains (check all applicable boxes):  (x) (a) Facing page.  (x) (b) Statement of Financial Condition.  (x) (c) Statement of Income (Loss).  (x) (d) Statement of Cash Flows.		
<ul> <li>(x) (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.</li> <li>(x) (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.</li> <li>(x) (g) Computation of Net Capital.</li> </ul>		
<ul> <li>( ) (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.</li> <li>( ) (i) Information Relating to the Possession or Control requirements under rule 15c3-3.</li> <li>( ) (j ) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the reserve requirements Under Exhibit A of Rule 15c3-3.</li> </ul>		
( ) (k ) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.		

\*\* For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

( ) (n) A report describing any material inadequacies found to exist or found to have existed since the

(x) (l) An Oath or Affirmation.

( ) (m) A copy of the SIPC Supplemental Report.

date of the previous audit.
(x) (o) Independent Auditors' Report.

NAME OF ORGANIZATION:	B & B SECURITIES, INC
ADDRESS:c/o Gettenberg Cons	ulting, 40 Wall St34th Floor, New York, NY 10005
DATE:	JULY 31, 2006
NEW YORK STOCK EXCHANGE, IN 20 BROAD STREET - 23rd Floor NEW YORK, N.Y. 10005	C.
Att: Member Firms Department	
Gentlemen:	
	rs or allied members of <i>B &amp; B SECURITIES</i> , <i>INC</i> . caused with the prescribed regulations and have arranged for the on such audit.
report prepared as of JULY 31, 20	- / \
	Thursa acumyo

I, ROBERT McGRATH, swear that to the best of my knowledge and belief, the accompanying financial statements and supporting schedule(s) pertaining to the Firm of B & B SECURITIES, INC., as of JULY 31, 2006,

are true and correct. I further swear that neither the Company nor any partner, proprietor, principal officer, director or member has any proprietary interest in any account classified solely as that of customer, except as follows:

No Exceptions

CHRISTINE COOPER
Notary Public, State Of New York
No.01CO6085064
Qualified In Queens County
Commission Expires Dec.23, 20

# **B & B SECURITIES, INC.** STATEMENT OF FINANCIAL CONDITION

JULY 31, 2006

# B & B SECURITIES, INC. STATEMENT OF FINANCIAL CONDITION JULY 31, 2006

### **ASSETS**

Cash and cash equivalents Due from clearing broker Commissions receivable Other assets  Total assets	\$ 174,109 105,040 296,251 16,430 \$ 591,830	
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Accounts payable and accrued expenses	\$ 373,856	
Total liabilities	373,856	
Commitments and Contingencies (Notes 4 and 5)		
Stockholders' equity (Note 6)		
Common stock, no par value, 200 shares		
authorized, 10 shares issued and outstanding.	1,000	
Additional paid-in capital	30,000	
Retained earnings	186,974	
Total stockholders' equity	217,974	
Total liabilities and stockholders' equity	\$ 591,830	

#### **B & B SECURITIES, INC.**

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JULY 31, 2006

#### Note 1 - Nature of Business

B & B Securities, Inc. (The "Company") is a New York State corporation formed for the purpose of conducting business as a broker on the floor of the New York Stock Exchange. The Company is registered as a broker-dealer with the Securities and Exchange Commission ("SEC"). Operations include the execution of transactions for non-member organizations by means of a direct phone access system.

### Note 2 - Summary of Significant Accounting Policies

#### a) Revenue Recognition

Securities transactions (and the recognition of related income and expenses) are recorded on a trade date basis. Commission income and related expense are recorded on a settlement date basis. There is no material difference between settlement date and trade date.

#### b) Income Taxes

Deferred tax liabilities or assets reflect temporary differences between amounts of assets and liabilities for financial and tax reporting. Such amounts are adjusted, as appropriate, to reflect changes in tax rates expected to be in effect when the temporary differences reverse. A valuation allowance is established for any deferred tax asset for which realization is not likely.

#### c) Cash and Cash Equivalents

The Company considers demand deposited money market funds to be cash equivalents. The Company maintains cash in bank accounts which, at times, may exceed federally insured limits or where no insurance is provided. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

#### d) Equipment

Equipment is carried at cost and is depreciated over a useful life of 5-7 years using accelerated methods.

#### e) Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses.

#### B & B SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JULY 31, 2006

#### Note 3- Income Taxes

Taxes on income consist of:	
Current:	
United States	\$ 7,126
New York State	3,734
New York City (Alternative tax)	22,856
	<u>\$33,716</u>
Deferred:	
United States	40,000
New York State	9,000
New York City (Alternative tax)	2,000
	51,000

#### Note 4 - Commitments

#### Seat Lease

The Company leases office under a lease expiring June 30, 2007. The future approximate minimum annual rental expense for the fiscal year ended July 31, 2007 is 33,598.

\$84,716

#### Note 5 - Financial Instruments with Off-Balance Sheet Credit Risk

As a securities broker, the Company is engaged in buying and selling securities for a diverse group of institutional and individual investors. The Company introduces these transactions for clearance to another broker-dealer on a fully disclosed basis.

The Company's exposure to credit risk associated with non-performance of customers in fulfilling their contractual obligations pursuant to securities transactions can be directly impacted by volatile trading markets which may impair the customer' ability to satisfy their obligations to the Company and the Company's ability to liquidate the collateral at an amount equal to the original contracted amount. The agreement between the Company and its clearing broker provides that the Company is obligated to assume any exposure related to such non-performance by its customers. The Company seeks to control the aforementioned risks by requiring customers to maintain margin collateral in compliance with various regulatory requirements and the clearing broker's internal guidelines. The Company monitors its customer activity by reviewing information it receives from its clearing broker on a daily basis, and requiring customers to deposit additional collateral, or reduce positions, when necessary

# **B & B SECURITIES, INC.**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JULY 31, 2006

# Note 6 - Net Capital Requirement

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 1500%. At July 31, 2006, the Company had net capital of \$197,823, which was \$172,898 in excess of its required net capital of \$24,925. The Company's net capital ratio was 182.53%.

A copy of the Firm's statement of Financial Condition as of July 31, 2006, pursuant to SEC Rule 17a-5, is available for examination at the Firm's office and at the regional office of the SEC.



132 Nassau Street, New York, NY 10038 Tel 212.571.0064 / Fax 212.571.0074 E-mail: LS@lernersipkin.com

#### INDEPENDENT AUDITORS' REPORT

To the Officers and Directors of B & B Securities, Inc. c/o Gettenberg Consulting 40 Wall Street – 34<sup>th</sup> Floor New York, NY 10005

We have audited the accompanying statement of financial condition of B & B Securities, Inc. as of July 31, 2006. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the statement of financial condition based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of B & B Securities, Inc. as of July 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

Lerner & Sipkin, CPAs, LLP Certified Public Accountants (NY)

New York, NY August 22, 2006